

Message Text

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ACTION COME-00

INFO OCT-01 EUR-25 ADP-00 EB-11 RSR-01 RSC-01 /039 W

----- 115288

R 171729Z AUG 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3424

UNCLAS SECTION 01 OF 02 LONDON 09532

FOR COMMERCE/OIM

E.O. 11652: N/A

TAGS: BEXP

SUBJECT: MULTIPLE MARKET RESEARCH CONTRACT - FY74

REF: A) DEPT'S A-5038, 6/12/73

B) USDOC 11238, 8/10/73

C) LONDON 8842, 8/1/73

1) ALTHOUGH WE APPRECIATE BIDS REPORTED IN REF.C ARE HIGHER THAN THOSE PREVIOUSLY PAID FOR TRADE CENTER RESEARCH STUDIES, WE DO NOT FIND THEM "INCREDIBLE". WE BASE THIS ON INCREASED MARKET RESEARCH COSTS DUE TO AVERAGE ANNUAL INFLATION RATE OF 8 PER CENT IN 1972 & 1973 (TO DATE) AND SIMILAR PROSPECTS FOR REMAINDER OF 1973 AND 1974 PLUS MARKET RESEARCH FIRMS' ASSESSMENT THAT REVISED SPECIFICATIONS (FROM REFERENCE A) DO REPRESENT SIGNIFICANT INCREASE OVER PREVIOUS RESEARCH REQUIREMENTS. OUR DESIRE TO GET FIRMS WITH PROVEN RESEARCH CREDENTIALS AND IN-DEPTH RESEARCH CAPABILITIES MUST ALSO BE TAKEN INTO ACCOUNT.

2) OUR REVIEW OF RANGE OF BIDS FROM ALL COMPANIES FOR U K ALONE ON FOUR MOST RECENT MULTINATIONAL CONTRACTS (I.E. ELECTRONIC COMPONENTS, EIPT, COMPUTERS AND PGA EQUIPMENT) SHOWS A PRICE RANGE HIGHER THAN THAT REPORTED IN REFERENCE C. IT SHOULD ALSO BE NOTED THAT FIRMS BIDDING FOR MULTINATIONAL STUDIES USUALLY ENJOY THREE ADVANTAGES WHICH FIRMS BIDDING ON THE SUBJECT CONTRACT

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DID NOT HAVE. THESE ARE: A) KNOWING THE SUBJECT MATTER

OF THE RESEARCH BEING BID ON; B) ECONOMIES OF SCALE IN THAT MORE THAN ONE COUNTRY IS BEING RESEARCHED; AND, C) ECONOMIES OF SPECIALISATION (I.E. FIRMS INVOLVED IN MNR BIDS USUALLY BID FOR STUDIES IN WHICH THEY ARE SPECIALISTS AND ALREADY HAVE EXTENSIVE DATA BANKS IN THE SUBJECT TO BE RESEARCHED).

3) PRICE RANGE PER STUDY REPORTED IN REFERENCE C GOES FROM 3548 DOLLARS (TMR); 4125 DOLLARS (INTERPLAN - IF SIX STUDIES ARE INVOLVED); 4644 DOLLARS (PA MANAGEMENT); AND 4902 DOLLARS (MITCHELL ASSOCIATES). IN REGARD TO RISING COST SITUATION, WE THINK IT INSTRUCTIVE THAT TMR (FY 73 MULTIPLE CONTRACTOR FOR 475 POUNDS PER STUDY) CONSIDERED IT NECESSARY TO RAISE ITS BID TO 1375 POUNDS PER STUDY. THE THREE OTHER FIRMS ALL HAVE BID ON MULTINATIONAL RESEARCH AND MAY HAVE ASSUMED A 4000 DOLLAR RANGE PER STUDY WAS PERMISSIBLE. IN THE ABSENCE OF ANY SUGGESTED GUIDELINE PRICE FOR THE MULTIPLE RESEARCH CONTRACT, BIDDERS WERE TOLD, IN INDIVIDUAL CONVERSATIONS, THAT BIDS FOR SUBJECT RESEARCH SHOULD BE BASED ON NEW SPECIFICATIONS BUT ALSO WOULD BE LOWER THAN MULTINATIONAL BIDS. WE DID NOT GO INTO SPECIFIED PRICE GUIDELINES AND, IN RETROSPECT PERHAPS SHOULD HAVE.

4) HAVING PUT ABOVE ON RECORD, WE STILL BELIEVE AN ACCEPTABLE
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ACTION COME-00

INFO OCT-01 EUR-25 ADP-00 EB-11 RSR-01 RSC-01 /039 W
----- 115307

R 171729Z AUG 73
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 3425

UNCLAS SECTION 02 OF 02 LONDON 09532

(ABOUT) 3000 DOLLARS PER STUDY. THIS MAY NECESSITATE LOWERING REQUIRED INTERVIEWS TO 20 RATHER THAN 25. EMBASSY'S CONTRACTING OFFICER INDICATES THAT THREE

OPTIONS ARE NOW OPEN, WHICH ARE:

- A) NEGOTIATE A CONTRACT, WITH AMENDED BID SPECIFICATIONS, WITH TWO LOWEST BIDDERS. (THIS WOULD ENABLE US TO ASCERTAIN WHAT AREAS OF SPECIFICATIONS WOULD HAVE TO BE REVISED TO MEET 3000 DOLLAR BUDGET).
- B) REJECT ALL BIDS AND GO OUT FOR NEW BIDS WITH CHANGED SPECIFICATIONS; (THIS OPTION WOULD BE TIME CONSUMING AND PERHAPS INCONCLUSIVE); AND
- C) REJECT ALL BIDS AND USING COMMERCIAL WAIVER PROCEDURE AUTHORIZE EMBASSY TO NEGOTIATE A CONTRACT WITH AN ACCEPTABLE FIRM.

5) IF OPTION C IS FOLLOWED, WE WOULD APPRECIATE AN INDICATION OF FIRMS, OTHER THAN THE FOUR ORIGINAL BIDDERS, WHICH SHOULD BE CONSIDERED. ONE ADDITIONAL FIRM WHICH HAS DONE PREVIOUS COMMERCE RESEARCH, MIGHT BE BENNETT, NEWBERRY & COWAN (BNC). THIS FIRM PROBABLY WOULD CHARGE ABOUT 1200 POUNDS TO 1400 POUNDS PER STUDY. IN TERMS OF BROAD CAPABILITY TO DO A RANGE OF MARKET RESEARCH PLUS THE LOWER PRICE PER STUDY ENVISAGED WE BELIEVE THAT THE BEST COURSE WOULD BE FOR US TO NEGOTIATE (OPTION C) A MULTIPLE RESEARCH CONTRACT WITH INTERPLAN. PLEASE ADVISE.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 17 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LONDON09532
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730831/aaaaawwx.tel
Line Count: 139
Locator: TEXT ON-LINE
Office: ACTION COME
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: A) DEPT'S A-5038, 6/12/73
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 15 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15-Aug-2001 by porterwr>; APPROVED <23-Jan-2002 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MULTIPLE MARKET RESEARCH CONTRACT - FY74
TAGS: BEXP
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005